

UNITED NATIONS BOARD OF AUDITORS HOLDS
SIXTY-NINTH SESSION AT UN HEADQUARTERS,
NEW YORK (22-23 JULY 2015)

The Board held its sixty-ninth regular session at the United Nations Headquarters, New York, from 22 to 23 July 2015. The main purpose of the meeting was to review and approve 28 audit reports of the Board, 22 of which were to be presented to the General Assembly and six reports to other legislative or governing bodies. A list of the Board's reports is attached to this document.

The Board continued to acknowledge the positive progress on the implementation of International Public Sector Accounting Standards (IPSAS), and the positive results on audit opinions in the period under review. All entities, barring one (UNCCD), received an unqualified audit opinion. The Board's key findings are summarized below:

- There is a need to finalize benefits realization plans for IPSAS implementation in order to reap the benefits of the new accounting framework. In particular, given the growth in mandates and trends in donor funding, entities need to use the new information to better understand their costs and drive down administrative overheads to release maximum resources for member state priorities in frontline activities.
- End of service liabilities amounted to \$10.8 billion as at 31 December 2014. Only 8 entities had developed a partial funding plan for these liabilities. Therefore, the UN entities faced an increasing risk in meeting their future obligations.
- All entities have made some progress in Enterprise Risk Management (ERM) but the status of embedding ERM as a fundamental strategic management tool is inconsistent. In the UN Secretariat, the Management Committee has approved risk action plans for the six critical risks, but the progress in establishing risk management procedures throughout the Organisation is taking time. UNHCR and UNODC have made some progress in implementing risk management at the operational level.
- Challenges are being faced by entities in managing highly decentralised operations and their increasing reliance on a complex network of implementing partners, reporting lines and relationships, where accountabilities are often unclear. The need for enhanced control frameworks was considered essential to manage the risks in diverse fields of operations. There is a need for improved and risk based management of the selection, monitoring and close-out of projects delivered by implementing partners; in particular the need for better sharing of information between entities on partner performance and fraud risks.
- There is a need for a more integrated and strategic approach to tackling fraud risks, both within and across United Nations system entities, with a much greater focus on external fraud risks. Eight entities have developed policies and strategies to establish an integrated counter fraud strategy but 12 entities do not have adequate strategies. Some entities have no fraud awareness or training mechanisms, some have inadequate

reporting and monitoring mechanisms, no policies on fraud and no resources allocated to anti-fraud measures and activities.

- The UN Secretariat is implementing a number of concurrent major transformation projects including UMOJA, IPSAS, HR reform and ERM. These projects are significant undertakings and the organisation is showing signs that the cumulative burden may be placing an unsustainable demand on critical staff.
- The \$2.3 billion capital master plan for refurbishing the main UN campus in New York was substantially completed in 2014. The Board emphasised that to drive full benefit from this significant investment it is necessary to exploit fully the savings that could be obtained from more efficient building management, utilisation of space and flexible working practices.
- Umoja (the UN's new ERP system) is a high value and complex project designed to modernise and transform the business administration of the United Nations. While there has been a sustained and consistent improvement to Umoja project management, the deployment is driven by a desire to adhere to the schedule rather than an assessment of the readiness of UN entities to accept the new system. The UN believes that the risks of delaying deployment outweigh problems from proceeding in the face of known weaknesses. However, the UN needs to plan how it will manage the potential consequences of this decision. The Board found that the duration, depth and completeness of some activities such as training, user testing and data conversion have been curtailed to achieve the project deployment dates. The system will be deployed to 23,500 users by the end of 2015.

Several other topics are covered in the Board's individual reports of entities. Further background information on the Board is available on the United Nations Board of Auditors' website (<http://www.un.org/en/auditors/board/index.shtml>). The Board's current suite of reports will be available on the website in August/September 2015.

Notes for the press

The Board comprises, Mr. Mussa Juma Assad (Chair), Controller and Auditor-General of the United Republic of Tanzania, Sir Amyas Morse, Comptroller and Auditor General, United Kingdom of Great Britain and Northern Ireland and Mr. Shashi Kant Sharma, Comptroller and Auditor General of India. Each member has a non-consecutive tenure of six years.

Annex

List of Board reports

Reports submitted to the General Assembly

Tanzania

1. Concise summary of findings and conclusions (to follow)
2. United Nations Development Programme (UNDP)
3. United Nations Population Fund (UNFPA)
4. United Nations Relief and Works Agency (UNRWA)
5. United Nations Entity for Gender Equality and Empowerment of Women (UN-Women)
6. United Nations Environment Programme (UNEP)
7. United Nations Human Settlement Fund (UN-HABITAT)
8. United Nations Capital Development Fund (UNCDF)
9. International Criminal Tribunal of Rwanda (ICTR)
10. International Tribunal of the former Yugoslavia (ICTY)
11. International Residual Mechanism for Criminal Tribunals (MICT)

United Kingdom

12. International Trade Centre (ITC)
13. Capital Master Plan (CMP)
14. United Nations High Commissioner for Refugees - (UNHCR)
15. Umoja
16. United Nations, Vol.1
17. United Nations Drug Control Programme (UNODC)
18. United Nations Office for Projects Services (UNOPS)

India

19. United Nations University (UNU)
20. United Nations Institute for Training and Research (UNITAR)
21. United Nations Children's Fund (UNICEF)
22. United Nations Joint Staff Pension Fund (UNJSPF)

Reports submitted to Other Governing Bodies

Tanzania.

23. UNRWA Staff Provident Fund (UNRWA-SPF)

United Kingdom

24. United Nations Fund for International Partnerships (UNFIP)
25. United Nations Compensation Commission (UNCC)

India

26. United Nations Escrow Account
27. United Nations Framework Convention on Climate Change (UNFCCC)
28. United Nations Convention to Combat Desertification (UNCCD)